

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:963

ANSWERED ON:06.03.2007

DISPARITY BETWEEN SEZs AND NON- SEZs

Chinta Mohan Dr. ;Sikdar Smt. Joytirmoyee;Suman Shri Ramji Lal

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether there is any disparity between the industrial units functioning in the Special Economic Zones and the industrial units functioning in the non-SEZ areas on account of promotion policy of the Government;
- (b) if so, the details thereof;
- (c) the details of financial incentives provided to both the said categories of industries by the Government during 2005-2006;
- (d) the number of industrial units operating in the country as on December, 2006, category-wise;
- (e) the extent to which the SEZ have their impact in overall industrialisation;
- (f) whether FDI is permitted in SEZs; and
- g) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a)&(b) The industrial units functioning in the Special Economic Zone (SEZ) are governed by the provisions of the SEZ Act, 2005 operationalized from 10th February 2006 which offers a special package of fiscal incentives. However, while the domestic units pay Central Excise duty on their products, the SEZ units are required to pay the import duties for their domestic clearances.

(c) As per the Revenue foregone statement placed along with the Finance Bill 2007, the revenue foregone in exemptions provided to the SEZs in the year 2005-06 was to the tune of Rs. 1070 Crores while the amount of revenue foregone under various export promotion schemes in respect of non-SEZ industries was Rs. 36520 Crores.

(d) 1016 SEZ Units were functional as on 31st December 2006. As per latest available information in Economic Survey 2006-07, 1,29,074 factories were functional in organized manufacturing sector.

(e) During first year of the implementation of the SEZ Act, investment to the tune of Rs. 13,435 Crores has been made in the SEZs and 18,457 additional jobs have got created.

(f)&(g) Foreign Direct Investment (FDI) is permitted for development of SEZs and setting up units in SEZs except prohibited sectors viz. arms & ammunition, explosives, defence aircraft and warships, atomic substances, narcotic and psychotropic substances and hazardous chemicals, distillation and brewing of alcoholic drinks; cigarettes/cigars and manufactured tobacco substitutes.